



The President's Daily Brief

27 June 1972

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PRINCIPAL DEVELOPMENTS

North Vietnam has hinted at the arrival of Chinese communications and transportation workers. Fighting in the South is relatively light. (Page 1)

The Soviets orbited an unmanned Soyuz spacecraft yesterday. (Page 2)

The North Koreans are pressing the South to enter into substantive negotiations on political and military matters. (Page 3)

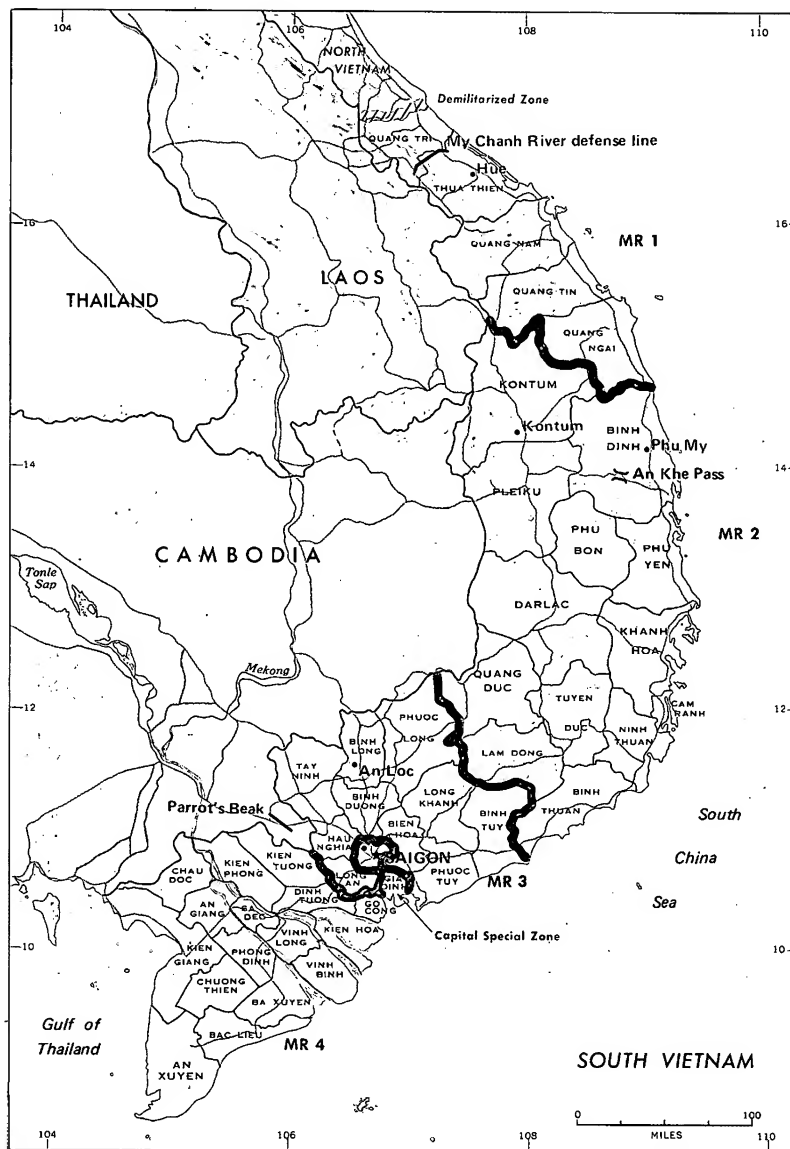
The first French nuclear test in the South Pacific this year was extremely low in yield. (Page 4)

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Finance ministers of the European Communities have agreed to support the dollar. (Page 5)

At Annex, we discuss the coming summit meeting between Indian Prime Minister Gandhi and Pakistani President Bhutto.

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VIETNAM

A Radio Hanoi broadcast yesterday stating that "new forces" were supplementing communications and transportation workers in North Vietnam seems meant to imply that Chinese personnel are involved. The short statement was buried in a long article by North Vietnam's minister of communications, which urged Vietnamese workers to provide the new forces with the "utmost assistance," and to "closely cooperate" with them.

While there have been rumors in Hanoi over the last few weeks that the Chinese had sent or were planning to send transportation workers to North Vietnam, this is the first official hint that the Chinese are on the scene. In past years, the Chinese established radio links serving such personnel; none has yet been observed.

* * *

North Vietnamese pressure on the My Chanh line north of Hue has eased for the moment, partly as a result of heavy allied air and artillery bombardment. The enemy is still moving troops and equipment forward, however, and further attacks are almost certain.

In Military Region 2, the North Vietnamese have been maintaining pressure around Phu My District town in Binh Dinh Province. Other Communist units destroyed or damaged over a third of a 100-truck South Vietnamese convoy just east of the An Khe Pass. In the highlands, the Communists appear to be concentrating for the time being on reconnaissance

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USSR

Yesterday the Soviets orbited an unmanned Soyuz spacecraft from the Tyuratam space center. As in past unmanned Soyuz missions, TASS gave the spacecraft a Cosmos designation--496--and stated only that it is intended for space research.

We think the real purpose of the flight is to test changes in the spacecraft that were made as a result of the Soyuz 11 tragedy in June 1971. The last unmanned Soyuz with a Cosmos designation was launched in 1968. At that time the Soviets conducted a series of engineering tests of the spacecraft following the death of Cosmonaut Vladimir Komarov, who was killed after his braking chute failed to open.

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KOREA

The North Koreans appear to be building a case for turning [] high-level discussions with the South into public substantive negotiations. In his recent interviews with American correspondents, Northern Premier Kim Il-sung has stressed the desirability of mutual high-level visits between the two sides to discuss major political issues.

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[] Kim argued for lowering the barriers that divide the two sides and for eliminating outside influence from the peninsula. Aware of Seoul's reluctance to move the [] talks more rapidly, Kim nonetheless publicly called for a meeting with President Pak Chong-hui and for immediate discussions on military and political matters.

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Having moved the South Koreans a considerable distance [] Pyongyang now senses that it can reap considerable benefits by bringing the talks into the open. The North Koreans no doubt calculate that public talks between the leaders of the two Koreas would accelerate the withdrawal of US forces from South Korea and effectively end the need for UN involvement on the peninsula. For its part, Seoul sees these same consequences as reasons for moving slowly. Moreover, the South Koreans are also concerned about a possibly adverse popular reaction to such talks. Pak has made some effort to prepare the populace for broader dealings with the North, but he still portrays Pyongyang as essentially hostile and aggressive, and his policies center on militant defense against threats from the North.

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FRANCE

The scheduled French nuclear test in the South Pacific, five days late because of technical and weather problems, finally took place on 25 June.

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French officials have said that the series this year is to include three or four low-yield explosions testing miniaturization of detonators for thermonuclear weapons.

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The French have been testing nuclear devices in the atmosphere at their Pacific site since 1966, disregarding protests from governments in the area. They intend to continue such tests at least through 1976.

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INTERNATIONAL MONETARY DEVELOPMENTS: Finance ministers of the European Communities agreed last night to support the dollar (and the weakened lira as well) in a manner that allows their governments to meet commitments under the Smithsonian currency agreement and the EC's rules. The possibility remains, however, that if pressure against the dollar continues heavy after European money markets reopen on Wednesday, the ministers may adopt more stringent measures, such as currency floats or exchange controls. Special provisions were made for the lira, exempting Italy from EC regulations until 15 July. Chancellor of the Exchequer Barber, who also attended the meeting, said that Britain intends to end its float as soon as possible, hopefully at the rate set in the Smithsonian accord, and to return to harmony with EC currencies.

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*FOR THE PRESIDENT ONLY***INDIA-PAKISTAN**

The summit meeting between Indian Prime Minister Gandhi and Pakistani President Bhutto, which begins on 28 June, is unlikely to resolve the major issues between the two nations. It may, nonetheless, lead to agreement on less important questions which could, in turn, permit further negotiations on the primary problems.

The prospects for a successful summit hinge primarily on the ability of Mrs. Gandhi and Bhutto to establish a good personal working relationship. Their principal emissaries at the pre-summit talks in Pakistan last April established a reasonable rapport, and a generally optimistic atmosphere prevailed in the immediate period after those talks. As the weeks wore on, however, old doubts resurfaced and both leaders, in actions and statements designed to shore up foreign and domestic support, managed to rekindle the basic distrust that has consistently marked Indo-Pakistani relations. Mrs. Gandhi and Bhutto could again reverse this trend. Both leaders appreciate that their nations' underdeveloped economies would benefit from an understanding that would ultimately allow a reduction in defense spending.

Neither side has taken an inflexible position on the status of Kashmir, potentially the most troublesome bilateral problem. An agreement on a permanent international boundary in Kashmir more or less along the present cease-fire line would be a major step in ending the 25-year-old controversy. New Delhi most likely will try to include a permanent boundary in Kashmir as part of a package deal to "end the confrontation," to settle issues outstanding from the 14-day war, and to return diplomatic relations between all parties on the sub-continent to a more normal state. Bhutto, however, is unlikely to agree to this, at least formally. In the absence of such an outcome, the two sides might issue a general declaration of intent to settle all future disputes peacefully.

Both countries appear to have fastened on the intransigence of Bangladesh Prime Minister Mujibur Rahman--who reportedly will not be present at the talks--as a primary cause for any summit failure. Mujib continues to insist that Bhutto extend official recognition to Bangladesh before he will meet

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with him to discuss repatriating Pakistani war prisoners held in India. The Indians, meanwhile, say they cannot release these prisoners without Mujib's consent because they surrendered last December to a joint India-Bengali command. Bhutto, in turn, while warning that failure to make progress toward the prisoners' release would make the summit an ineffective exercise, says he cannot recognize Bangladesh until he has an opportunity to meet with Mujib.

Some Indian officials have gone so far as to imply privately that Mujib is being unreasonable in his demand that some 1,500 Pakistani prisoners be tried for war crimes. Furthermore, the Indians imply that were it not for obligations derived from the fact that they fought the war in partnership with the Bengalis, New Delhi would be amenable to some formula for salvaging Pakistani honor by trying only the worst offenders simply as common criminals and repatriating the rest. For the present, however, New Delhi has not consented openly to intercede on Pakistan's behalf on this or any other prisoner-related issue with the leaders of Bangladesh. There is tenuous evidence, however, that the Indians may have tried to exert some quiet pressure in Dacca on this issue.

For the summit to succeed, Bhutto will have to make major concessions, but his ability to accept Indian terms is circumscribed by his need to retain domestic support in Pakistan. Bhutto will also have to convince Mrs. Gandhi that he will be able to deliver on his promises. Her estimate of Bhutto's durability in his present office will perhaps be the primary factor in determining how far India will go. Much will depend on Indian willingness to be the magnanimous victor.

Should, as appears likely, a stalemate develop over the major issues--the prisoners of war and Kashmir--the two leaders may decide to settle for agreement on less controversial questions. The re-establishment of diplomatic relations and the reactivation of communication and transportation links are possibilities. Even relatively modest progress on such issues could be enough to allow time for further quiet diplomatic exploration and negotiations, and even subsequent summit meetings.

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